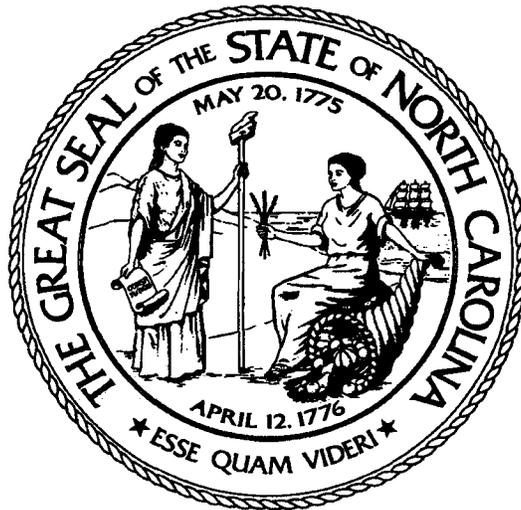


**JOINT LEGISLATIVE OVERSIGHT
COMMITTEE ON
EARLY CHILDHOOD EDUCATION AND
DEVELOPMENT INITIATIVES**



**REPORT TO THE
1995 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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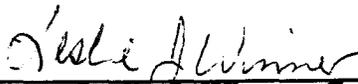
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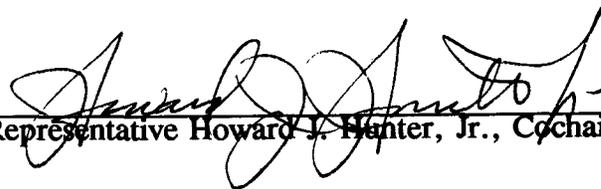
TO THE MEMBERS OF THE 1995 GENERAL ASSEMBLY:

Pursuant to G.S. 120-70.91 of the General Statutes, the Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives hereby submits its report of recommendations and findings to the 1995 North Carolina General Assembly.

Respectfully submitted,



Senator Leslie J. Winner, Cochair



Representative Howard J. Hunter, Jr., Cochair

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON
EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

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HISTORY OF COMMITTEE

The Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives, established by Article 12I in Chapter 20 of the General Statutes (Appendix A), is a permanent committee authorized to examine and monitor the Smart Start Program. Specifically, this Committee is charged with studying (i) the budget, programs and policies of each of the local Smart Start projects, (ii) implementation of the program by the N.C. Partnership for Children, Inc., (Partnership) and (iii) oversight of the program by the Department of Human Resources (DHR). The Committee was chaired by Senator Leslie J. Winner and Representative Howard J. Hunter, Jr. during 1993 and 1994. The full membership of the Committee is listed in Appendix B. Lists of people attending Committee meetings, as well as Committee minutes, are contained in the Committee's records on file in the Legislative Library.

The law governing the Smart Start Program, originally authorized by Chapter 321 of the 1993 Session Laws, and amended in 1994 upon the recommendation of the Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives, is found in Part 10B of Article 3 of Chapter 143B of the General Statutes (Appendix C). Smart Start is designed to provide financial and other support for the N.C. Partnership for Children, Inc., ("Partnership") and comparable local partnerships, which have as their missions the development of a "comprehensive, long-range strategic vision for early childhood development and the provision, through public and private means, of high quality early childhood education and development services for children and families." The Partnership is directed to oversee the development of the local demonstration projects as they are selected. It also provides assistance to counties that are interested in applying and being selected in the future. In addition, the Partnership recently has begun to search for non-State funds to be used by both the Smart Start counties and others that have not been selected.

There currently are 32 counties that are benefiting from Smart Start funds. The first 18 Smart Start counties include: Burke, Caldwell, Cleveland, Cumberland, Davidson, Halifax, Hertford, Jones, Mecklenburg, Orange, Region A (Cherokee, Clay, Graham, Haywood, Jackson, Macon, and Swain counties and the Qualla Boundary), and Stanly. The counties selected in the Fall of 1994 are: Ashe, Avery, Catawba, Duplin, Durham, Edgecombe/Nash, Forsyth, Lenoir/Greene, Pasquotank, Person, and Wilkes.

The General Assembly appropriated \$20,000,000 for the 1993-94 fiscal year and \$27,640,000 for the 1994-95 fiscal year for the activities of the Partnership, State, regional, and local administrative costs, funding for local demonstration projects, and needs and resource assessments for counties not served by demonstration projects. Of the funds appropriated for the 1994-95 fiscal year, \$14.8 million will be allocated to the 14 new counties in amounts ranging from \$339,661 (Avery) to \$2,860,422 (Durham). State funds allocated to the local demonstration projects are to be used to meet assessed needs, expand coverage and improve quality of child day care services, family- and child-centered services, including early childhood education and child development services, and other appropriate activities and services for child day care providers and for family- and child-centered services. An appropriate amount of these allocations are to be used to meet the assessed needs of children below poverty and their families.

COMMITTEE PROCEEDINGS

The Joint Legislative Committee on Early Childhood Education and Development Initiatives (hereafter "Committee") held four meetings after the 1994 Session of the 1993 General Assembly. Lists of those attending the meetings, as well as the minutes of those meetings, are contained in the Committee's records on file in the Legislative Library.

First Meeting -- October 11, 1994

At the Committee's first meeting, Ms. Robin Johnson, Committee Counsel, summarized Senate Bill 1384, a recommendation of this Committee, which amended the original Smart Start legislation and which the General Assembly ratified during the 1994 Session.

Next, Ms. Carol Shaw, Senior Fiscal Research Analyst, explained the 1994-1995 Expansion Budget for Smart Start. A total of \$19.1 million was appropriated in recurring funds for Smart Start. In addition, \$1 million in nonrecurring funds were appropriated for the TEACH program. The Governor's original request for Smart Start, and this Committee's recommendation, was \$27.2 million. The original Smart Start counties received \$100,000 each in start-up money; that was reduced from \$1.2 million to \$300,000 and the new counties this year will only receive \$25,000 each in start-up money. The original 12 sites also received about \$2.7 million, most of which is for indirect services. The bulk of the money, about \$16.4 million, went to the new counties.

Ms. Shaw explained that, so far, a total of \$47.7 million has been appropriated for Smart Start, which now covers 32 counties. Each county was allocated a sum based on its size and on the number of children from birth to 5 below the poverty level; the larger counties have not received their full allocations. The budget of the 32 counties selected (24 Smart Start and 3 regional consortiums) for 1995-96 will be about \$60 million (before adding new counties or addressing the catch-up issue). The 12 new projects will be fully funded.

Some special provisions were adopted last Session that affected the Smart Start budget. The 1993/1994 funds would not revert, and the 1994-1995 funding for Smart Start counties would have an additional year in which to spend that money. An additional provision gives counties their choice of spending \$100,000 for their partnerships or up to 5% of their total allocation; this gives flexibility to the larger counties. Another special provision allows counties that had applied the previous year to provide additional information, and permits counties that did not apply initially to apply in the second round. This provision also directs the people who select the second round of counties to use the needs and resource assessment information.

The Honorable Ralph Campbell, Jr., State Auditor, presented a status report on the State Audit of Smart Start. The State Auditor's office last year worked directly with the Governor, DHR, and legislative leadership in Smart Start. Pursuant to the requirements of the General Statutes, a team of auditors will conduct annual financial and compliance audits of the NC Partnership for Children as well as of all local partnerships. Mr. Campbell said these audits will be approached with the philosophy of providing traditional oversight of State financial resources and provide constructive

suggestions to assist in establishing and improving accounting controls for all partnerships.

The State Auditor's office believes that proper accounting procedures should be developed and implemented in the early stages and before the program is expanded. The audit task is to review the administrative process that oversees the statewide administration of Smart Start and to examine how Smart Start money is being spent. One of the goals is to assist in identifying and resolving any concerns that may exist with this program. Mr. Campbell told the Committee that his office is now in the process of auditing the NC Partnership for Children and the first 12 pilot programs. These audits are for the fiscal year ending June 30, 1994 and include identifying the areas that need strengthening in order to insure greater accountability over Smart Start funds.

Accounting transactions are audited in accordance with the government auditing standards. At the completion of the audits, separate reports will be issued on each of the 12 local partnerships and the NC Partnership for Children. Also, a statewide report will be issued summarizing auditing concerns at the local level; this Committee will receive all reports identifying issues that should be addressed at the State level. Completion of these reports is anticipated by January, 1995.

Ms. Fanjul was next on the agenda to present the 1993-94 Quarterly Report on Smart Start Initiatives. She explained that many of the short-term and long-term county plans have been realized. A clear and focused approach to early childhood services can be seen. Since the report was written, the 1994-95 allocation has been funded. She explained the selection process and how the 12 counties were selected by the NC Partnership. Many of the programs that last year's teams put in place will be recommended for this year's teams. One of the major goals in the first year (and continues to be an issue for continuing counties) is unavailability of child care spaces in the community. Many communities identified the need for quality to be added or improved in those particular programs that did exist.

The next speaker, Mr. Walter L. Shepherd, Executive Director, NC Partnership for Children, presented a report on the Partnership. Many people are involved in making Smart Start work; throughout NC, it is bringing communities and groups together and is a real transition this year as opposed to last year. One of the differences last year was that counties were competing for grants from Raleigh; most of the counties that were selected in the second round are pursuing a vision for children rather than dollars.

The Partnership oversees the selection of the Smart Start counties. Mr. Shephard explained the selection process of new Smart Start projects. This year, rather than making selections based on congressional districts, the General Assembly directed the 1994 projects to be selected based on geographic distribution. The Partnership evaluated counties on the basis of geography and resources. From that came the 12 projects/14 counties recommendations. Mr. Shepherd defended the selection method, which, although it did not make everyone happy, was fair and objective, gave every county and region, regardless of resources, an equal opportunity, and was without political influencing.

Ms. Judy Harrison Berry, Director of Development, NC Partnership for Children, reviewed some of the Partnership's activities and some of the plans regarding private sector funding and other kinds of development work. Ms. Berry said she has visited almost all of the Smart Start counties and was shocked to see that the appropriated

money was not enough. In-kind contributions are needed, as many of the smaller counties have limited resources, or no resources outside of Smart Start dollars; larger counties have more financial resources. The Partnership is surveying needs for those counties and has discovered that public awareness needs are the most critical. Ms. Berry reported that in-kind contributions within the community are taking place. For example, Kaiser Permanente has discussed the offer of health plans for day care employees, and Duke Power Company has loaned one of its executives, Mr. Bob Allen, who has been instrumental in getting the Mecklenburg Partnership Program underway. Other CEOs in major corporations are being contacted about participation in Smart Start.

The Department of Commerce also has been contacted to ensure that information about the Smart Start Partnership is included in recruitment packets that are offered to businesses considering a move to the State. Also, community colleges are being considered; many of the Smart Start counties do not have a community college that offer Early Childhood Development and a real need exists for public access to these programs.

Next, Ms. Michele Rivest, Executive Director, Orange County Partnership for Children, spoke on behalf of the existing 12 local partnerships and some of the activities taking place in Orange County. She reported that the executive directors and team leaders have formed their own network in order to discuss common issues. She told the Committee that, although the financial audit process is welcomed, there are concerns about the State performance audit process. Three different sets of information have to be assembled, which is an impossible task for some of the counties who do not have the staff. It also creates a burden for the local partnerships, all of which are nonprofit agencies. The performance audit may be too early and inappropriate to show measured results.

The next speaker was Donna M. Bryant, PH.D., Director, Family & Child Care Research Program, Frank Porter Graham Child Development Center. A team at the Center has worked to develop a plan to evaluate the State and local goals and objectives of Smart Start. A report was produced in May on the first year of implementation, making recommendations to the newly-funded counties as well as to the legislature about the kinds of things that they see happening. Dr. Bryant stated that the Center is working with the Division of Child Development on the monitoring process to find a way to document the breadth of the programs, the money that is being spent, the number of children being served by each different program, the number of centers receiving funds, and families that might be influenced.

Dr. Bryant explained the Smart Start Evaluation Plan. Existing data is used whenever possible. "Is all this money improving child care?" is a question asked. There are many different ways to look at child care quality improvements, with the most intensive being observations and interviews. One of the big goals of Smart Start is improvement in the service system delivery. The service provision and linkages among agencies that previously may have been disconnected are becoming more connected because of this process. Further, Dr. Bryant said that there is a plan for a network analysis. Outcomes for families and parents is a big goal and there are several goals related to families. The major goals are: (i) children healthy and prepared to succeed in school; (ii) families; (iii) quality, availability, accessibility in child care; (iv) inter-agency work; and (v) how State agencies work in counties.

Dr. Bryant anticipates that the effects of Smart Start in kindergarten will be seen, at the earliest, in 1995, in the small counties where services were fully implemented this summer and continued this year. Those children will have 1-1/2 years of potential benefits of the programs in their counties; this will not be seen in the larger counties where there are fewer Smart Start dollars in proportion to children. A true test would be to wait 5 years.

Day care quality is the most obvious service affected by Smart Start. Child care observations have begun and about 250 randomly selected observations are anticipated. Efforts are going towards teacher training and family day care home provider training. More children with special needs will be served in inclusive settings.

Dr. Bryant concluded that this plan has limitations; it is an evaluation plan to look at documenting all of what Smart Start has delivered and then looking to the family and child in a broad sense of result. Dr. Bryant said that they will be searching for broad changes in counties over the course of time.

Second Meeting -- November 18, 1994

The Committee held its second meeting on November 18, 1994. Dr. Alton Anderson, Halifax County Local Partnership, was the first speaker. Dr. Anderson discussed the ongoing work of the Halifax County Smart Start Partnership for Children, which continues to address the identified needs of children 0 to 5 and their families. Smart Start has brought together all those individuals who make decisions for children. Through interagency collaboration, the Partnership hopes to improve accessibility, affordability, and adequacy of high quality comprehensive services to children and their families.

Prior to Smart Start, Halifax County returned \$200,000 to \$300,000 each year to the Department of Social Services. Through Smart Start, the County began to understand children's issues, how the Department of Social Services operates, and the need for child care services. Consequently, they no longer return the money. A Day Care Association has been implemented, private day care providers have been able to build new facilities because of Smart Start and about 300 new slots have been created. As a result of Smart Start, provisions have been made that track every child delivered at the hospital to ensure that these children are healthy.

Smart Start has put Halifax County on the best footing for the year 2000. Smart Start's impact is not going to be totally measured in the first, second, or third year. It will be realized when these children reach the ages of 10, 11, 12, 13. The County Commissioners have now charged Smart Start to look at the needs of children from 6 - 18 and their families. Strategic planning has been requested for Smart Start.

Next, Ms. Henrietta Zalkland, Executive Director, Down East Partnership for Children (Nash and Edgecombe Counties), discussed the affects of applying for and obtaining Smart Start funds this year. Ms. Zalkland explained that the Down East Partnership for Children submitted an application the first year; however, it was not funded. Because a commitment was made to the children, the Partnership continued to look at the issues with a mission toward improving the quality of life for children in Nash and Edgecombe Counties through education and coordinated community services. A grant fund was obtained from the Division of Child Development to start a Child Care Resource Center and Referral Program. A Board was formed and information on available resources was collected in the two counties. More money was made available

for update needs assessments in non Smart Start counties. A strategic plan was compiled and the Partnership re-applied for Smart Start as well as other grant funds. The Partnership now functions as a corporation and, although it has received the award, it has not yet received Smart Start funds.

Ms. Zalkland pointed out that the Partnership proved, as a group, that it has the ability to formulate a program. She said that one of the reasons her organization was selected is that it integrated the entire effort into its overall economic strategic plan (Vision 2000). The four schools within the system have merged into two. The schools realize that they cannot do the kinds of necessary improvements without children coming to them ready to learn and healthy. Needs have been prioritized, and with commitment and support, an atmosphere of trust conducive to solving problems has been developed.

The Partnership intends to establish an interagency training team, comprised of Partnership staff and Early Childhood Program Directors from both community colleges so that private providers will have the technical assistance to be able to make the improvements to move toward accreditation. Future activities will be toward improving the quality of the centers and communities for children. Also planned is a family home start-up process to locate these children. Smart Start Scholarships will be provided to take children off day care waiting lists. A family resource center and a program to teach parents to read are also part of future plans.

Ms. Zalkland emphasized that transportation is critical; it is a major barrier in moving forward economically, as well as moving forward in terms of children and family issues. Another problem is lead paint. Both counties have had levels of mental retardation which are directly tied to lead paint. There is no reason to be paying for children in special education classes because of lead in the environment.

Mr. Walter L. Shephard, Executive Director, N.C. Partnership for Children, was recognized to explain some of the activities the Partnership has undertaken to address the issue of capital needs for child day care. The Partnership is proposing a meeting of the various public and private sector sources of funding to specifically discuss child care capital needs and other funding needs in NC.

Next, Ms. Laura Benedict, Assistant Director, Center for Community Self-Help, explained a statewide assessment of capital needs among early childhood initiatives in North Carolina. Since 1987, the Center for Community Self-Help has made loans which have created about 900 child care slots and improved and stabilized another 1000 slots. Its losses have been less than one percent. The Center also administers a \$400,000 loan fund that is designed to help existing centers improve their qualities. The Center also has been collaborating with the Smart Start counties. Several of the local partnerships have expressed interest in establishing locally controlled loan funds. However, they have not yet received approval to use the funds in this way.

She stated that there are real challenges for lending in child care as the profit margin on child care operations is almost nonexistent. The loans' sizes are often very small. Ms. Benedict suggested that Smart Start consider establishing a loan fund with subsidized interest rates for the development of high quality programs that cannot secure other sources of funding. Another suggestion is to allow the local partnerships to create loan funds that they, knowing the needs of their community, would design and implement.

Mr. Billy Ray Hall, President, Rural Economic Development Center, was the next speaker. The Rural Economic Development Center works with the business community, the financial community, and particularly small businesses to start and develop businesses in rural areas. Over the years they have focused on 85 counties they classify as rural North Carolina. Mr. Hall explained a map which revealed counties identified as distressed counties. Last year the General Assembly decided that a real challenge in these counties was to develop quality, affordable child care in those counties to complement efforts on promoting economic development across the State. As a result, the Child Care Loan Guarantee Fund was established to guarantee \$1.5 million in loans made by participating banks to qualified child care providers across rural NC, particularly in the distressed counties. Some banks now have an agreement where they are making loans for child care development in those 62 distressed counties.

Ms. Margaret Sigman, Board Member, and Mr. Stan Law, Director, Johnston YMCA, Success by Six Program, Charlotte-Mecklenburg, were next on the agenda to explain the Success by Six program, considered to be a model for providing services to families and children. In 1991 the United Way initiative, Success by Six, focused on preparing children to learn by the time they enter school. Johnston was chosen as the lead agency to cover a focus on children and four major programs resulted: a community development program, a health program, a child development center, and a computer lab. Agencies, including city and county, came together to focus on neighborhoods with specific problems. An innovative approach to community development with Johnston YMCA Resource Center as the real hub was formed. Teams within the communities addressed three major areas: family support, health, and safety. The object is to break the cycle of poverty by providing educational opportunities and support systems. Parents need to be a part of a child's education as they are a child's first and most important teachers. Focusing on the education of parents, along with children, is quite important. Also, employment services must be an ultimate goal. Parents want to work, but they need skills. There is a need to prepare parents for jobs and also prepare jobs for parents. Within a two and one-half year period, immunizations are 92%; 100% of pregnancies are receiving quality prenatal care. The Program began with 8% of the children enrolled in day care and preschools; at the present time 30% of the children are enrolled in developmental day care and preschools.

Ms. Sigman said that, as members of the Mecklenburg Partnership for Children, the Johnston YMCA and Success by Six Team are intimately involved in Smart Start. The frustration is in seeing model projects such as this achieve remarkable results, and yet that child development center is not yet built because the capital funding is not in place. This is a very unique program and requires a building that is unique because of the programs that will be offered for regular children and special needs children. Funding has been a major community collaborative effort; two-thirds of the funding is already in place (estimated \$1 million to \$1.2 million). This organization would like to see Smart Start allow this type of funding.

Ms. Russell, Ms. Terry Vess (Head Start, Madison-Buncombe Counties), Ms. Sandra Bridgers (Fuquay Varina Baptist Church Wee Care), Mrs. Sandra Ladd (Director of Plaza Baptist Child Care Center, Charlotte), Ms. Tondra Hunter (Teacher, Kidworks), Mr. Bob Eagle (Kiddie Korner Day Schools, Charlotte), and Ms. Margaret Mobley (Day Care Services Association) enthusiastically spoke in support of the benefits of the TEACH Early Childhood Project, which has received \$1 million nonrecurring money as part of the Smart Start Initiative. Ms. Russell emphasized that, as a State and a nation, we are facing a work force crisis in our child care programs. Through research, we

have learned that teachers in child care programs are undereducated for the important work that they do. Most teachers in NC who are working in child care have a high school diploma and few training hours. We also know that our child care providers are underpaid. The typical teacher in a child care center earns \$5.25 hour and a typical family child care provider earns \$3.97 hr. (working 11-hour days). These low wages prohibit obtaining qualified well-trained personnel.

The TEACH Early Childhood Project serves as an umbrella for a variety of scholarship programs that provide teachers, directors and early child care providers with the opportunity to attend our community colleges and our State universities to take courses and become better educated and earn increased compensation. It is the first and only statewide program in the country to provide scholarships that link increased education with increased compensation. TEACH helps provide the scholarship, the release time, and the motivation to enable day care personnel to continue their learning. Employers, through the credential program, are required to contribute 10% of the cost of the program (tuition and books). As the staff continues to become better educated and earn a better living, they will enjoy their work, be better teachers and stay on the job longer. The children will benefit the most. There are now, in NC, about 2000 child care teachers, directors, and family child care providers who have benefited or who are participating in TEACH. Other states are looking at NC's TEACH Program, which has been noted in publications as one of the ten most innovative programs in the country. Its success is built upon partnership, use of community colleges and university systems, inclusion of communities, and collaborative efforts between TEACH, the child care community, and our training and educational institutions. All the speakers urged the continuation of this project.

Third Meeting -- December 16, 1994

The Committee held its third meeting on December 16, 1994. The first speaker was Mr. Gene Byrd, President, Person County Partnership for Children, who presented a status report on this partnership, which was selected in the second round to receive a Smart Start grant. The Person County Partnership for Children is the result of work which began in 1987 with a small group of volunteers. That group continued to meet for a number of years with various agency representatives and providers until mid 1993 when the original Smart Start initiative was announced. At that point, an ad hoc committee of about 50 local citizens was formed to prepare the original application. Although Person County was not selected in the first round, the initiative, as well as the excitement and enthusiasm, continued. Through another grant (RFA), short term funding was provided for a child care resource and referral agency. During that same period, the Partnership itself was founded, incorporated, and formalized. It continued to meet until Smart Start II was announced. At that time a conscious decision was made to re-work applications and add new information.

Mr. Byrd acknowledged his appreciation about the initiative being designed to let those at home address their own needs. Person County has already benefited greatly from the process through improved communication between agencies, providers, religious community, parents, and private business. Smart Start gives the Partnership an opportunity to innovate, be creative, to meet the needs not only of its young children, but of their families. Further, it creates a challenge to all.

Ms. Michelle Atkins, Executive Director, Mecklenburg County Partnership for Children, talked about the impact that Smart Start funding has had in Mecklenburg County. She shared the Mecklenburg Partnership for Children's "Vision", which is

that the whole community share with families the responsibility for its children and that every child will grow up in a healthy, safe, supportive, nurturing environment that instills hope, encourages dreams, maximizes potential, and produces productive citizens. There are 44,000 children in Mecklenburg County under the age of 5; 7500 of them live in poverty, with thousands more on the brink. The infant mortality rate is 10.1 out of every 1000 children born. The percentage of low birth weight is 9.8%, which costs an annual amount of \$10 million in neonatal intensive care costs. There are 1300 children on the waiting list for Purchase of Care subsidy and 500 children on the waiting list for Head Start. This sums up to many families above and below the poverty level who lack the resources, the knowledge, the support needed to attain self sufficiency and stability.

Ms. Atkins explained some of the accomplishments which have taken place in Mecklenburg County. Five hundred children have been removed from the waiting list, but at this time 1300 remain on the list, which indicates the serious demand for this benefit in the County. Eligibility for the purchase of care subsidy has been extended to over 140 children, allowing families to sustain some type of economic stability as their income grows, but also remain eligible for the purchase of care subsidy. Over 180 child care providers in centers and in family child care homes (5760 children) have been reached by providing quality improvement grants for equipment, materials, and by providing extensive training to the care givers.

Mr. Bob Allen, (an employee of Duke Power Company who is on loan to the State Partnership), Chairman of the State Partnership for Children, explained the effects of Mecklenburg County not receiving a full year's allocation on the long-term plan. Mecklenburg County was selected as one of the original 12. Due to budget constraints, Mecklenburg County received only 22% of its eligible funding (based on a formula). Mr. Allen said that even with the Smart Start program now in place, and in addition to its resources, the County is far short of meeting the needs of its young children and their families. As Mecklenburg County began the Initiative process, the significant needs of 44,000 young children and their families were outlined. The Partnership recognized that it would take a massive effort, with considerable change in the service delivery structure as well as expansion of available resources, in order to meet those needs. As it began a formal planning process for the short-term plan and then proceeded to a long-term plan, they, like all participating counties at that time, were faced with limited resources and a demanding time schedule. Realizing that changes would have to take place, the Planning Committee and Board began planning to the budget instead of planning to the need.

Mr. Allen conveyed that lives of children and families have been changed and improved in Mecklenburg County, and with additional resources, more could have been reached. The plans and services would have differed with more funding by providing a broader scope in services and programs. Although the County is appreciative of the Initiative, assistance is still needed to meet the great needs of its children. Space in Mecklenburg County is not the problem; dollars are the problem. The children are on waiting lists, not because of limited space, but because of the lack of dollars to subsidize the care. (However, the Head Start waiting list may be related to space).

Ms. Rosie Bullard, Director, Cumberland County Partnership for Children, also spoke about some of the effects of not receiving a full year's allocation on the long-term plan, the serious needs, and some of the results of Smart Start investments in the County. In Cumberland County, 5598 children under the age of 5 live in poverty; many more live at the back door of poverty. They have no choice about their circumstances and many

parents are trapped in a system which keeps them dependent and helpless. Cumberland County has the second highest number of families on AFDC in the State. Ms. Bullard noted that some risks have been taken in the interest of the children, with a strong belief that each young person should have the opportunity to be safe, healthy, educated, and happy. She urged the Committee to consider the Smart Start investment results and the implications that sufficient funding would have. To date, 477 young children are now receiving subsidies. By May, projections indicate that those numbers will significantly increase to 940 children supported through Smart Start subsidies, with these children being children of the working poor. Currently, there are 1113 children on the waiting list for child care subsidy and 600 children are on the Head Start waiting list. Eighty-one percent of the centers in Cumberland County have the minimum standard for licensing (children thrive only when they can develop an important, consistent relationship with their care). Only 11.6% of the child care providers in Cumberland County have the NC Child Care Credentials.

Children with special needs have not been left out of the consideration; 32 children now have access to quality child care, which does not begin to touch the children with special needs in Cumberland County. Although Cumberland has made some progress through Smart Start dollars, additional funds are needed to change the quality of care for its children. Significant investments have been made in health care for young children. Ms. Bullard told the Committee that Smart Start is making an incredible difference in Cumberland County, but further funding is needed.

Mr. Bill Little, presented a status report from Northampton County, which did not receive Smart Start funding. He presented statistics: the 24% poverty rate in Northampton County; one-third of the population lacks transportation; more than one-fourth of the people do not have telephones; less than one-half subscribe to the weekly county paper; and one out of four adults complete less than the ninth grade. In AFDC (out of 100), Northampton County is 100. There are no community colleges, no hospitals; only 4 full-time physicians and 1 part-time physician are in the County, only one of which delivers babies. The majority of specialized care needs are referred to out-of-county providers as are the children with special needs. Over the past 15 months, a Team in Northampton County has come together on Smart Start. Its vision is to reach the crippling spiral of economic dependency and educational deficiency, establish the importance of family, and educate parents and would-be parents for the roles and responsibility of parenting. There is no available training within the County for care givers. Mr. Little explained that many of the citizens in the County do not see any hope for obtaining additional resources. Historically, it has struggled with limited resources. Northampton County is the only 100% rural county in NC and is consistently ranked in the bottom 5-10% in such demographics as families, children, poverty, single-parent families, children born to children, children born to single teens, substandard housing, and low SAT scores.

Mr. Little alluded that although the County experienced a great deal of "let-down" after the last round of Smart Start selections, it will not give up. The children are bright and have potential equal to those in any other county, but they are being relegated to starting school behind their counterparts in other counties. Northampton County has pride, the interest of its people, and children that can and want to learn if provided the opportunity. Mr. Little added that the County has not been able to come up with the resources to provide these opportunities.

Dr. Peter Morris, Deputy Director, Public Health, Wake County, a practicing pediatrician with Wake Med Center, Wake AHEC, and President-elect of Wake County

Medical Society, was the next speaker. He addressed the issue of Wake County not receiving Smart Start funding. The Wake County Partnership continues to meet and plan a better future for its children and families. The nucleus of what became the County's Partnership convened months before Smart Start was announced. Wake County last month agreed to be a pilot county for DHR as they looked at family support and the family preservation planning process. The County would prefer to engage the community, develop vision, create a comprehensive plan, and then go about finding funding from existing public and private resources; it believes that only by re-allocating existing revenues and efforts will a change in how the children are served be affected. Dr. Morris noted that the County has created a structure that will allow for the application of additional funding as it becomes available, and it also allows for attention to a larger goal of creating a collaborative vision. Dr. Morris explained that the continued diversion from comprehensive planning efforts to apply for categorical dollars was Wake county's frustration, not losing in the selection. It is not certain who is in charge: the Governor, General Assembly, Partnership, or the DHR staff.

Wake County believes that the vision for its children is sometimes lost in bureaucracy and rules. It is on the verge of becoming cynical about the State's commitment to local Partnerships and developing local solutions directed at local needs. Twice Wake County wrote Smart Start applications directed at the community's needs; twice it created and re-created a form for planning and implementation; twice it lost due to the ranking and selection systems that made it nearly impossible for the County to win. Dr. Morris told the Committee that his County's application is not needed to choose; Wake County will win when it is felt that the needs are deserving of winning and when it is its turn to win. He said that the content of the application may not matter.

Dr. Morris noted that the County can be helped by giving it the time to plan, to let it work on its big picture, and also respect what it wishes to do uniquely and diminish the hoops it may need to jump through. The willingness to change, the willingness to put local dollars on the line (rather than put needs assessments and applications on the line) might be a better indicator of which counties are most willing to give their children the Smart Start Initiative.

Ms. Angela Deal, Burke County, commented on the Burke County Local Partnership, which did receive funding. The issue of how decisions are made and how the money is funding has been addressed by the Burke County Partnership. Ms. Deal explained that a survey indicated that Morganton, NC, (located in Burke County) was listed as number eight in this nation in the percentage of working mothers of young children. Almost 75% of mothers of young children are going to work; Burke County does not have enough day care slots. Ms. Deal pointed out that each county is unique and the complexion of Smart Start within these counties differs. One-third of those parents in Burke County who are working are considered working poor (annual gross income is \$15,000 or less).

Child care in terms of quantity and quality is impacted. A vast amount of effort has gone into bringing child care operators into the regulated system. The number of family day care homes in Burke County has more than doubled; also, the issue of quality has been addressed. Smart Start funds have gone to all programs and collaboration in the County is happening at all levels. There is one industry day care program in the County and that is nationally recognized; more are needed and the possibilities are being considered. Three family resource programs in the outlying areas of the County have been established to reach children. These three programs

have been very successful; children are coming to those centers for early childhood experiences and for health checks and immunizations.

Ms. Stephanie Fanjul, Director, Division of Child Development, reported on the Quality Improvement Grant Programs in the Pioneer Partnerships. She presented an overview of the process that the individual Partnerships have gone through to administer the grants. She added that the language has been confusing, with several people using two or three words to describe about 85 various items. Ms. Fanjul explained that the first process in selection was defining the need within the counties and then the focus was determined. Some communities have the need for infant care programs, some communities focus on the kind of care available, while other communities determined that their need was more places to put children. There is a huge range in the needs. As most counties defined that need, a proposal was distributed to the community at large. Each community identified an agency to judge and award the grants (such as the United Way in Cumberland County). In the smaller communities, the Partnership itself administered those grants and made the awards. In all cases, the grants were reviewed by several various knowledgeable people. Each county has developed a variety of various forms for follow-up or verification. Ms. Fanjul said that, in reviewing what the pioneer counties did, grants were divided into basic types: program upgrade, which addresses educational materials, equipment and training for child care workers; facility upgrade, which is related to increasing the licensing level; increasing the capacity to serve more children; and grants that focus on children with special needs.

Senator Winner said criticism has been made, aside from the capital improvements issue, about state control versus local flexibility. She posed the following questions to the audience: Are we sure we are getting adequate improvement in quality for money being spent in private child care centers; do we need a better form for cost control?. Should we demand some type of determination of need from the places that are receiving the grants, especially in for-profit child care centers, many of whom do a very fine job, most of whom are profitable? Are we giving a grant to buy equipment which the centers should already have? She noted that these are some concerns to consider, whether or not more guidelines around these issues are needed.

Ms. June Smith, Executive Director, Region A Partnership for Children, responded that Western NC Tomorrow did an assessment on this issue. They came up with \$3.97 per hour, which is the salary a private day care provider earns. Based on that study, they decided not to recommend that women who were in need of employment stay home and try to take care of other people's children. Mr. Robert Grover, Community Relations Manager, Sprint Carolina Telephone Company, Fayetteville, addressed the question concerning the for profits and why they need the money. One reason he believes they should receive the money is that in Cumberland County, with the growth of the military and housing developments springing up, a lot of these areas do not having provisions for day care. They feel that it is very important that some providers of day care have start up moneys. Some day care facilities have actually come into existence because the funds have been made available for them to get started. Mr. Grover stated that Cumberland County takes this job seriously and tries not to allocate any money for frivolous items. Mr. Grover referred to some of the specific questions on the forms they submit to each day care who has solicited for money.

Dr. Dick Clifford, Frank Porter Graham Child Development Center, responded to Senator Winner's concern about receiving adequate improvement in quality. He alluded that there is a major evaluation effort tied to this program that is geared to look

at these types of issues. Measures are being taken in each of the first 12 counties of the quality of child care provided to children in order to make sure the goals of this program are obtained. This method was selected over an individual cost control approach because of a desire not to restrain counties. The feeling was that it was a better investment of money to let counties have as much flexibility as possible and not put a lot of bureaucratic red tape in the way of providing services. The for profit issue is also a concern. Dr. Clifford said that he has been involved in a four-state study of cost. We have very low cost for child care in this country compared to other countries. The average profit margin in the four states is just under 4%). The child care operators in NC are not making a lot of money off this. It is impossible to make a lot of money in this field unless you target a very small population. This can best be controlled at the local level. The mechanism that has been set up, while on the surface may appear to not have much control, in fact has a much better control mechanism for detailing with cost and quality issues.

Mr. Walter L. Shepherd, Executive Director, NC Partnership for Children, presented a report on the NC Partnership for Children. He reported that the Partnership was established as an integral part of the original legislation that created Smart Start. It is now fully operational as a partnership in NC and has begun aggressively addressing several of the needs that were determined as Smart Start was originated. The Partnership has a full time Director of Development to coordinate statewide fund raising and development activities. The fund raising is obvious in terms of securing private sector funds to bring to the Smart Start table. The development aspect is broader; that includes private sector participation and involvement. The Partnership is in the midst of the first phase of its development plan. As far as distinguishing in development raising efforts between Smart Start and Non-Smart Start Counties, no distinction is made. It is assumed that all counties, over time, will be Smart Start Counties. Of the 68 remaining counties, about 40 to 45 have taken the next step, have become incorporated, and are pursuing a plan and identifying other resources from non-state sources for consideration. A full-time Director of Communications will work with the Smart Start Counties to develop information, public awareness, and to help create a general sense of understanding and knowledge about the importance of investing in early childhood and family initiatives.

Fourth Meeting -- January 11, 1995

The Committee held its fourth meeting on January 11, 1995. The Committee discussed and approved findings and recommendations to be included in its report to the 1995 General Assembly.

FINDINGS AND RECOMMENDATIONS

- 1. The General Assembly should proceed with expansion of Smart Start to new counties. Expanding to 12 the first year of the biennium and 20 the second year would allow the State to reach all counties within 4 years.**
- 2. The General Assembly should catch up the existing counties that are less than fully funded. (Currently, all but a few counties are funded at least 60%.) One proposal is to fund 25% of the gap per year so that by the time all counties are included, all counties are also fully funded. An additional proposal could be that no new county receive more than 80% of its funding until all funded counties have at least 80% of their funding.**
- 3. Because of some concerns about the quality improvement grants to private for-profit and not-for-profit day care centers and whether the State is getting its money's worth out of those grants, the Department of Human Resources shall examine the use of Smart Start funds for quality improvement grants to determine both if reasonable prices are being paid for goods or services purchased with these funds and to determine if the counties are getting maximum leverage in terms of improved quality in exchange for the grants. After the examination DHR should issue any needed guidelines to the counties, and report back to this committee the results of the examination and any action taken.**
- 4. It appears that the TEACH program may be one of the best uses of Smart Start dollars and one that benefits children all over the State. The General Assembly should include \$1 million in the continuation budget and \$250,000 in the expansion budget to support this program.**
- 5. The Department of Human Resources should identify funds that could be used during this fiscal year for planning grants, and should include a budget request of \$1.25 million for the 1995-96 fiscal year for planning grants. The General Assembly should appropriate these funds.**

APPENDIX A

ARTICLE 12I.

Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives.

§ 120-70.90. Creation and membership of Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives.

The Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives is established. The Committee consists of 12 members as follows:

- (1) Six members of the Senate appointed by the President Pro Tempore of the Senate; and
- (2) Six members of the House of Representatives appointed by the Speaker of the House of Representatives.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment and end on the day of the convening of the 1995 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

§ 120-70.91. Purpose and powers of Committee.

(a) The Committee shall examine, on a continuing basis, the Early Childhood Education and Development Initiatives established by Section 254 of Chapter 321 of the 1993 Session Laws, in order to make ongoing recommendations to the General Assembly on ways to improve the provision of these programs and services. In this examination, the Committee shall study the budgets, programs, and policies of the 12 local projects, their development and implementation by the North Carolina Partnership for Children, Inc., and their oversight by the Department of Human Resources, to determine whether to recommend that the General Assembly should continue the Initiatives, expand them, or make them statewide and, if the Initiatives are continued, expanded, or made statewide, continue to study the budgets, programs, and policies of the Initiatives, their continued development and their oversight, to determine how to enable the Initiatives to provide the best, most cost-effective, and most equitable early childhood education and development services within the scope of the Initiatives' services and programs.

(b) At the same times and intervals the Department reports to the General Assembly pursuant to Section 257 of Chapter 321 of the 1993 Session Laws, the Department shall report to the Committee on the implementation of the Initiatives. After the final report presented pursuant to Section 257, the Department shall continue to report to the Committee every three months. If the Initiatives are discontinued, the Committee terminates.

(c) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"§ 120-70.92. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Committee. The Committee shall

meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is seven members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

(d) The Legislative Services Commission may allocate monies from available funds for the work of the Committee.

APPENDIX B

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON
EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
MEMBERSHIP LIST
1993 - 1994**

President Pro Tempore's Appointments

Sen. Leslie J. Winner, Co-Chair
2120 Greenway Avenue
Charlotte, NC 28204
(704) 376-8201

Sen. Austin M. Allran
P. O. Box 2907
Hickory, NC 28603
(704) 324-5200

Sen. J. Richard Conder
P. O. Box 1627
Rockingham, NC 28379
(910) 997-5551

Sen. C. R. Edwards
1502 Boros Drive
Fayetteville, NC 28303
(910) 488-9358

Sen. Russell G. Walker
1004 Westmont Drive
Asheboro, NC 27203
(910) 625-2574

Sen. Marvin Ward
641 Yorkshire Road
Winston-Salem, NC 27106
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Staff:

Ms. Carol Shaw
Fiscal Research Division
(919) 733-4910

Ms. Robin Johnson
Research Division
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Speaker's Appointments

Rep. Howard J. Hunter, Jr., Co-Chair
P.O. Box 506
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Rep. Joanne W. Bowie
106 Nut Bush Dr. E.
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Rep. Ruth M. Easterling
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Rep. Brad Miller
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Rep. Edd Nye
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Rep. Carolyn B. Russell
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Clerk:

Ms. Lillie Pearce
(W) (919) 733-5746

APPENDIX C

PART 10B OF ARTICLE 3 OF CHAPTER 143B OF THE GENERAL STATUTES

Part 10B. Early Childhood Initiatives.

§ 143B-168.10. Early childhood initiatives; findings.

The General Assembly finds, upon consultation with the Governor, that every child can benefit from, and should have access to, high-quality early childhood education and development services. The economic future and well-being of the State depend upon it. To ensure that all children have access to quality early childhood education and development services, the General Assembly further finds that:

- (1) Parents have the primary duty to raise, educate, and transmit values to young preschool children;
- (2) The State can assist parents in their role as the primary caregivers and educators of young preschool children; and
- (3) There is a need to explore innovative approaches and strategies for aiding parents and families in the education and development of young preschool children.

§ 143B-168.11. Early childhood initiatives; purpose; definitions.

(a) The purpose of this Part is to establish a framework whereby the General Assembly, upon consultation with the Governor, may support through financial and other means, the North Carolina Partnership for Children, Inc. and comparable local partnerships, which have as their missions the development of a comprehensive, long-range strategic plan for early childhood development and the provision, through public and private means, of high-quality early childhood education and development services for children and families. It is the intent of the General Assembly that communities be given the maximum flexibility and discretion practicable in developing their plans.

(b) The following definitions apply in this Part:

- (1) Board of Directors. -- The Board of Directors of the North Carolina Partnership for Children, Inc.
- (2) Department. -- The Department of Human Resources.
- (3) Local Partnership. -- A local, private, nonprofit 501(c)(3) organization established to coordinate a local demonstration project under this Part.
- (4) North Carolina Partnership. -- The North Carolina Partnership for Children, Inc.
- (5) Secretary. -- The Secretary of Human Resources.

§ 143B-168.12. North Carolina Partnership for Children, Inc.; conditions.

(a) In order to receive State funds, the following conditions shall be met:

- (1) Members of the Board of Directors shall consist of the following 33 members:
 - a. The Secretary of Human Resources, ex officio;
 - b. The Secretary of Environment, Health, and Natural Resources, ex officio;
 - c. The Superintendent of Public Instruction, ex officio;
 - d. The President of the Department of Community Colleges, ex officio;
 - e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th Congressional Districts, appointed by the President Pro Tempore of the Senate;

- f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th Congressional Districts, appointed by the Speaker of the House of Representatives; and
 - g. Seventeen members, of whom four shall be members of the party other than the Governor's party, appointed by the Governor.
- (2) The North Carolina Partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.
 - (3) The North Carolina Partnership shall oversee the development and implementation of the local demonstration projects as they are selected.
- (b) The North Carolina Partnership shall be subject to audit and review by the State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of the North Carolina Partnership.

§ 143B-168.13. Implementation of program; duties of Department and Secretary.

(a) The Department shall:

- (1) Develop a statewide process, in cooperation with the North Carolina Partnership, to select the local demonstration projects. The first 12 local demonstration projects developed and implemented shall be located in the 12 congressional districts, one to a district. The locations of subsequent selections of local demonstration projects shall represent the various geographic areas of the State.
- (2) Develop, in cooperation with the North Carolina Partnership, a needs and resource assessment for each county. Of the funds appropriated to it to implement this Part, the Department may make available funds to each county for one year to an appropriate private nonprofit entity or to the county to perform this assessment.
- (3) Provide technical and administrative assistance to local partnerships, particularly during the first year after they are selected under this Part to receive State funds. The Department, at any time, may authorize the North Carolina Partnership or a governmental or public entity to do the contracting for one or more local partnerships. After a local partnership's first year, the Department may allow the partnership to contract for itself.
- (4) Adopt, in cooperation with the North Carolina Partnership, any rules necessary to implement this Part, including rules to ensure that no State funds or local funds used to supplant these State funds shall be used for personnel sick leave and annual leave benefits not allowed to State employees. In order to allow local partnerships to focus on the development of long-range plans in their initial year of funding, the Department may adopt rules that limit the categories of direct services for young children and their families for which funds are made available during the initial year.
- (5) Report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor by April 1, 1994, and by March 1, 1995, on the ongoing results of all the local demonstration projects' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership and of the

Department, together with legislative proposals, including proposals to implement the program statewide.

(b) The Secretary shall approve, upon recommendation of the North Carolina Partnership, all allocations of State funds to local demonstration projects. The Secretary also shall approve all local plans.

§ 143B-168.14. Local partnerships; conditions.

(a) In order to receive State funds, the following conditions shall be met:

- (1) Each local demonstration project shall be coordinated by a new local partnership responsible for developing a comprehensive, collaborative, long-range plan of services to children and families in the service-delivery area. The board of directors of each local partnership shall consist of members including representatives of public and private nonprofit health and human service agencies, day care providers, the business community, foundations, county and municipal governments, local education units, and families. The Department, in cooperation with the North Carolina Partnership, may specify in its requests for applications the local agencies that shall be represented on a local board of directors. No existing local, private, nonprofit 501(c)(3) organization, other than one established on or after July 1, 1993, and that meets the guidelines for local partnerships as established under this Part, shall be eligible to apply to serve as the local partnership for the purpose of this Part.
- (2) Each local partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.
- (3) Each local partnership shall adopt procedures to ensure that all personnel who provide services to young children and their families under this Part know and understand their responsibility to report suspected child abuse, neglect, or dependency, as defined in G.S. 7A-517.

(b) Each local partnership shall be subject to audit and review by the State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of the local partnerships.

§ 143B-168.15. Use of State funds.

(a) State funds allocated to local projects for services to children and families shall be used to meet assessed needs, expand coverage, and improve the quality of these services. The local plan shall address the assessed needs of all children to the extent feasible. It is the intent of the General Assembly that the needs of both young children below poverty who remain in the home, as well as the needs of young children below poverty who require services beyond those offered in child care settings, be addressed. Therefore, as local partnerships address the assessed needs of all children, they should devote an appropriate amount of their State allocations, considering these needs and other available resources, to meet the needs of children below poverty and their families.

(b) Depending on local, regional, or Statewide needs, funds may be used to support activities and services that shall be made available and accessible to providers, children, and families on a voluntary basis. Of the funds allocated to local partnerships that are designated by the Secretary for direct services, seventy-five percent (75%) shall be used for any one or more of the following activities and services:

- (1) **Child day care services, including:**
 - a. **Child day care subsidies to reduce waiting lists;**
 - b. **Raising the county child day care subsidy rate to the State market rate, if applicable, in return for improvements in the quality of child day care services;**
 - c. **Raising the income eligibility for child day care subsidies to seventy-five percent (75%) of the State median family income;**
 - d. **Start-up funding for child day care providers;**
 - e. **Assistance to enable child day care providers to conform to licensing and building code requirements;**
 - f. **Child day care resources and referral services;**
 - g. **Enhancement of the quality of child day care provided;**
 - h. **Technical assistance for child day care providers;**
 - i. **Quality grants for child day care centers or family child day care homes;**
 - j. **Expanded services or enhanced rates for children with special needs;**
 - k. **Head Start services;**
 - l. **Development of comprehensive child day care services that include child health and family support;**
 - m. **Activities to reduce staff turnover;**
 - n. **Activities to serve children with special needs;**
 - o. **Transportation services related to providing child day care services;**
 - p. **Evaluation of plan implementation of child day care services; and**
 - q. **Needs and resources assessments for child day care services.**
- (2) **Family- and child-centered services, including early childhood education and child development services, including:**
 - a. **Enhancement of the quality of family- and child-centered services provided;**
 - b. **Technical assistance for family- and child-centered services;**
 - c. **Needs and resource assessments for family- and child-centered services;**
 - d. **Home-centered services; and**
 - e. **Evaluation of plan implementation of family- and child-centered services.**
- (3) **Other appropriate activities and services for child day care providers and for family- and child-centered services, including:**
 - a. **Staff and organizational development, leadership and administrative development, technology assisted education, and long-range planning; and**
 - b. **Procedures to ensure that infants and young children receive needed health, immunization, and related services.**

(c) Long-term plans for local projects that do not receive their full allocation in the first year, other than those selected in 1993, should consider how to meet the assessed needs of low-income children and families within their neighborhoods or communities. These plans also should reflect a process to meet these needs as additional allocations and other resources are received.

(d) State funds designated by the Secretary for start-up and related activities may be used for capital expenses or to support activities and services for children, families, and providers. State funds designated by the Secretary to support activities and services for children, families, and providers shall not be used for major capital expenses unless the

Secretary approves this use of State funds based upon a finding that a local partnership has demonstrated that (i) this use is a clear priority need for the local plan, (ii) it is necessary to enable the local partnership to provide services and activities to underserved children and families, and (iii) the local partnership will not otherwise be able to meet this priority need by using State or federal funds available to that county.

(e) State funds allocated to local partnerships shall not supplant current expenditures by counties on behalf of young children and their families, and maintenance of current efforts on behalf of these children and families shall be sustained. State funds shall not be applied without the Secretary's approval where State or federal funding sources, such as Head Start, are available or could be made available to that county.

§ 143B-168.16. Home-centered services; consent.

No home-centered services including home visits or in-home parenting training shall be allowed under this Part unless the written, informed consent of the participating parents authorizing the home-centered services is first obtained by the local partnership, educational institution, local school administrative unit, private school, not-for-profit organization, governmental agency, or other entity that is conducting the parenting program. The participating parents may revoke at any time their consent for the home-centered services.

The consent form shall contain a clear description of the program including (i) the activities and information to be provided by the program during the home visits, (ii) the number of expected home visits, (iii) any responsibilities of the parents, (iv) the fact, if applicable, that a record will be made and maintained on the home visits, (v) the fact that the parents may revoke at any time the consent, and (vi) any other information as may be necessary to convey to the parents a clear understanding of the program.

Parents at all times shall have access to any record maintained on home-centered services provided to their family and may place in that record a written response to any information with which they disagree that is in the record.

RELATED PROVISIONS

SECTION 257 OF CHAPTER 321 OF THE 1993 SESSION LAWS

Sec. 257. (a) The General Assembly finds, in consultation with the Governor, that it is essential to begin to develop comprehensive programs that provide high quality early childhood education and development services locally for children and their families. The General Assembly also finds that it is equally essential that these programs be developed in a manner that will provide both quality assurance and performance-based accountability to the children, their families, their communities, and the State.

(b) The Department of Human Resources shall develop and implement a performance-based evaluation system to evaluate the Early Childhood Education and Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the General Statutes, if enacted. The Department shall design this system:

- (1) To incorporate the elements of a formative evaluation, including process and efficiency studies, and of a summative evaluation, including outcome and effectiveness studies, in order to:
 - a. Provide information to the Department and to the General Assembly on how to improve and refine the Programs;
 - b. Enable the Department and the General Assembly to assess the overall quality and impact of the existing Programs and any future ones; and
 - c. Enable the Department and the General Assembly to determine whether to make the Early Childhood Education and Development Initiatives statewide;
- (2) To focus the Programs, as they develop and continue, on quality assurance, by making quality a central and on-going priority and to ensure that quality improvement efforts address outcomes, such as functions and processes, rather than persons, specific details, or paperwork;
- (3) To use reliable statistical methods to measure performance of processes, functions, efforts, and outcomes, which methods shall allow adequate tracking of children and families through the program and into the school system, in order to provide a real, objective measure of the outcome of the Programs; and
- (4) To provide a detailed fiscal analysis of the use to which State funds for these Programs are put.

(c) The Department shall report to the General Assembly by October 1, 1993, on the system it has developed, prior to the beginning of the system's implementation. It shall report every three months after that date on the implementation of the system and on the cumulative results of the evaluations as they occur. The Department shall present a final cumulative report to the General Assembly by February 1, 1995.

SECTION 25.33 OF CHAPTER 769 OF THE 1993 SESSION LAWS 1994 REGULAR SESSION

Sec. 25.33. The Department of Human Resources, in cooperation with the North Carolina Partnership for Children, Inc., shall ensure that the selection process for the additional local demonstration projects for the Early Childhood Education and Development Initiatives funded in this act shall include the following:

- (1) Acceptance of applications from counties that have not yet applied for funding;
- (2) Acceptance of additional information from counties that have already made application for funding but have not received funding; and
- (3) Consideration of the needs and resources assessment that has been conducted in each county.

